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PAGE 01 STATE 086577

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ORIGIN EB-07

INFO OCT-01 IO-11 ISO-00 STR-04 TRSE-00 AGR-05 COME-00

LAB-04 STRE-00 CEA-01 CIAE-00 DODE-00 FRB-03 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 PRS-01 SP-02 OMB-01 NSCE-00

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EB/OT/TA:WBARRACLOUGH (DRAFT)

STR:JGREENWALD (SUBS)

TREASURY:MGADBAW (SUBS)

AGRICULTURE:RHARPER (SUBS)

COMMERCE:DGARDNER/SCRAVEN (SUBS)

LABOR :DWANNAMAKER (SUBS)

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TO USMISSION GENEVA IMMEDIATE

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E.O. 11652: N/A

TAGS: GATT, ETRD

SUBJECT: INSTRUCTIONS FOR APRIL 12-13 CTD MEETING

REF: GENEVA 2117

AGENDA ITEM 3 - THE OBJECTIVES PART IV IS INTENDED TO
SERVE INCLUDING SECRETARIAT BACKGROUND NOTE CONTAINING
INFORMATION ON THE EXPERIENCE OF CONTRACTING PARTIES WITH
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PAGE 02 STATE 086577

RESPECT TO A REVIEW AND POSSIBLE AMENDMENT OF THE PROVISIONS

OF PART IV.

1. BACKGROUND--AT THE 30TH SESSION OF THE CTD, HELD NOVEMBER 12-14, 1975, THE COMMITTEE, IN ACCORDANCE WITH ITS TERMS OF REFERENCE WHICH AUTHORIZE IT INTER ALIA TO CONSIDER WHETHER MODIFICATIONS OF OR ADDITIONS TO PART IV ARE REQUIRED, AGREED TO THE PREPARATION OF THE BACKGROUND PAPER DESCRIBED IN THIS AGENDA ITEM. ALTHOUGH PARAGRAPH TWO OF THIS DOCUMENT (GATT DOCUMENT COM.TD/W/239 OF MARCH 17, 1976) SUBSTANTIALLY LIMITS THE ACTION WHICH THE COMMITTEE CAN TAKE ON THE NOTE, IT IS LIKELY TO BE THE MOST IMPORTANT TOPIC OF DISCUSSION AT THE MEETING.

THE PAPER IS AN INTERESTING AND INFORMATIVE ONE. IT SHOULD BE WELCOMED AS A NEEDED CLARIFICATION OF AREAS AND ISSUES ON WHICH OPINIONS AMONG COUNTRIES DIFFERS AND ALSO AS A USEFUL SURVEY OF WORK GOING ON IN THE MTN ON IMPROVEMENTS OF THE TRADING SYSTEM OF SPECIAL INTEREST TO LDC'S. IN OUR OPINION THE VIEWPOINTS EXPRESSED IN THE PAPER ARE SOMEWHAT BIASED IN FAVOR OF THE LDC'S BUT RECOGNIZE THAT THE LDC'S HAVE BEEN THE ONES TO ADVOCATE REFORM AND "IMPROVEMENT" OF PART IV WHILE THE DC'S FOR THE MOST PART HAVE ONLY RESISTED SUCH PROPOSALS. CONSEQUENTLY THE LDC'S APPEAR IN A MORE POSITIVE LIGHT THAN THE DC'S IN THIS PAPER. NEVERTHELESS THE PAPER DOES PRESENT AN ACCEPTABLE SUMMARY OF THE COMMITTEE'S EXPERIENCE WITH RESPECT TO PROPOSALS FOR MODIFICATION OF PART IV.

A PRINCIPLE PURPOSE OF THE PAPER WAS TO OUTLINE ISSUES RAISED IN CONNECTION WITH PART IV OF THE GATT FOR PURPOSES OF NEGOTIATION IN THE MTN. IN LIGHT OF THE BRAZILIAN PROPOSAL FOR A GATT REFORM GROUP, THE PRESENTATION OF ISSUES HAS TAKEN ON ADDED SIGNIFICANCE. U.S. BELIEVES THAT, IN SO FAR AS THE PAPER DELINEATES SPECIFIC CONCERNS OF THE LDC'S RELATING TO PART IV OF THE GATT, IT AFFORDS THE USEFUL BASIS FOR DISCUSSION OF FRAMEWORK IMPROVEMENT EFFORTS OF INTEREST TO THE LDCS. DISCUSSION OF THE PAPER SHOULD SERVE AS A BASIS FOR FURTHER CLARIFICATION OF THE SPECIFIC LDC "REFORM" INTEREST.

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THE U.S. APPROACH TO FRAMEWORK IMPROVEMENT BOTH IN CONTEXT OF ISSUES RAISED IN NEGOTIATIONS CURRENTLY UNDERWAY AND IN THE CONTEXT OF POSSIBLE DISCUSSIONS IN A "REFORM GROUP" HAS BEEN TO STRESS THE NEED TO IDENTIFY SPECIFICALLY THOSE REFORM TOPICS WHICH ARE NEGOTIABLE AND THE NEGOTIATION OF WHICH CAN BE COMPLETED WITHIN THE MTN TIMEFRAME. CLEARLY, A FULL REVIEW OF ALL GATT ARTICLES, THE MODIFICATION OF WHICH MAY BE OF INTEREST TO

THE LDC'S, IS IMPOSSIBLE WITHIN THE LIMITED TIME FRAME OF THE MTN.

OUR EFFORTS SHOULD BE TO INITIATE A PROCESS BOTH MULTI-LATERALLY AND BILATERALLY OF NARROWING THE SCOPE OF DEMANDS FOR FRAMEWORK IMPROVEMENT, AND IN PARTICULAR, OF ANY EFFORTS TO EITHER REVISE PART IV OR INCLUDE THE OBJECTIVES OF PART IV IN THE VARIOUS GATT ARTICLES. WE SHOULD STRESS THAT FRAMEWORK IMPROVEMENT MUST BE A BALANCED PROCESS. IN GENERAL THE USG POSITION ON REFORM OF THE TRADING SYSTEM, INCLUDING PART IV OF THE GATT IS THAT PROBLEMS CAN ONLY BE EFFECTIVELY DEALT WITH THROUGH MUTUALLY BENEFICIAL SOLUTIONS AND THAT REFORM MUST EMERGE FROM THE PATTERN OF SPECIFIC SOLUTIONS NEGOTIATED TO

SPECIFIC PROBLEMS, RATHER THAN THROUGH APPLICATION OF ABSTRACT PRINCIPLES AND ADOPTION OF GENERAL RULES FLOWING FROM SUCH PRINCIPLES.

THE CTD PROVIDES ONE FORUM FOR IDENTIFYING SPECIFIC ISSUES OF INTEREST TO THE LDC'S. WE WOULD NOT OPPOSE DISCUSSIONS AT SOME FUTURE DATE IN THE CTD FOR THE PURPOSE OF IDENTIFYING ISSUES NOT NOW UNDER NEGOTIATION IN THE MTN WHICH MAY BE NEGOTIABLE IN THAT FORUM. WE WOULD NOT, HOWEVER, ACCEPT ANY DIRECT NEGOTIATING ROLE FOR THE CTD.

2. U.S. POSITION--U.S. DELEGATION SHOULD WELCOME THE SECRETARIAT NOTE AS A NEEDED CLARIFICATION OF ISSUES OF PARTICULAR INTEREST TO LDC'S IN THE AREA OF REFORM OF THE TRADING SYSTEM. --THE U.S. DELEGATION SHOULD TAKE THIS OPPORTUNITY TO EXPRESS THE GENERAL USG ATTITUDE TOWARD THE NEGOTIATION OF IMPROVEMENTS OF THE TRADING SYSTEM. PARTICULAR EMPHASIS SHOULD BE PLACED ON OUR LIMITED OFFICIAL USE

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PAGE 04 STATE 086577

POSITION THAT MEANINGFUL REFORM WILL ONLY EMERGE OUT OF SPECIFIC, MUTUALLY BENEFICIAL SOLUTIONS NEGOTIATED TO SPECIFIC PROBLEMS, RATHER THAN THROUGH EFFORTS TO APPLY ABSTRACT PRINCIPLES TO THOSE PROBLEMS. -- IF A CONSENSUS DEVELOPS IN FAVOR OF MORE DETAILED CONSIDERATION AT SOME FUTURE DATE OF SPECIFIC ISSUES RAISED IN THE SECRETARIAT NOTE WHICH ARE NOT ALREADY UNDER DISCUSSION IN THE MTN, U.S. DEL MAY SUPPORT IT. --U.S. DEL SHOULD OPPOSE REFERRAL OF THE BRAZILIAN PROPOSAL TO THE CTD. IF SUCH A SUGGESTION IS MADE, U.S. DEL SHOULD NOTE THAT THE ISSUE HAS BEEN RAISED IN THE GROUP OF 18 AND THE TNC AND THAT WE FEEL THAT IT IS MORE APPROPRIATELY HANDLED BY THOSE TWO BODIES. THE QUESTION OF REFORM OF THE TRADING FRAMEWORK INVOLVES A WIDE RANGE OF ISSUES AND WE DO NOT FEEL IT WOULD BE APPROPRIATE THAT GATT RESPONSIBILITY FOR REFORM

QUESTIONS BE ASSIGNED SOLELY TO A GROUP SUCH AS THE
CTD WHICH HAS AUTHORITY TO CONSIDER ONLY A LIMITED PART
OF THAT RANGE, I.E., DC-LDC ISSUES. KISSINGER

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